



MEMORANDUM

TO: Mayor and City Council Members
FROM: Rudy Garza, Assistant City Manager
DATE: March 21, 2008
SUBJECT: March 27, 2008 Agenda Item: PW agenda item and Austin Water Utility Budget Amendment

I want to make you aware of and provide you with background information regarding two upcoming items on the March 27, 2007 Council agenda. An Austin Water Utility agenda item is an amendment of the Fiscal Year 2007-08 Capital Budget appropriating \$20,000,000 for Water Treatment Plant 4 (WTP4). This item is related to a Public Works agenda item authorizing the negotiation and execution of an amendment to the professional services agreement (PSA) with Carollo Engineers in the amount of \$27,618,534 for the WTP4 project.

In 2002, when Carollo's contract was executed, authorizations were systematically requested by the phase of services at the appropriate time. This contract amendment relates to the project moving to the final phase of design, another amendment is planned to come forward at the time the project moves into its contract and warranty phase. The total engineering fees requested for this amendment have previously been budgeted for and are included in project cost estimates. As we approach final design, and to meet our schedule, we are requesting authorization to negotiate and execute the next amendment as planned.

The professional services agreement with Carollo Engineers in the amount of \$27,618,534 is for the final design services, bidding phase services, and a limited portion of construction phase services for the security fencing. The scope of work for the final design services will include the design of the intake structure, the 9-foot diameter gravity tunnel to the pump station site, the pump station, the transmission tunnel and main to the plant site, and a 50 MGD plant with all appurtenances to make it a complete and operable system. Needed site work such as geotechnical and surveying for the pump station site are also included. Quality management, integrated coordination with the water utility and permitting team, plus communication with stakeholders are services that will be provided with the design.

During the design process we will start bidding some of the construction packages that are necessary to complete before the construction of the plant. This includes the construction of security fencing and stormwater facilities on the plant site and the pump station site. With this amendment Carollo will be able to provide these services before returning to Council for the needed fees for the remainder of the construction phase services.

Starting final design is critical to bringing the schedule back on track, as if we had continued on the Bull Creek site. Final design will last approximately two years. We anticipate seven bid packages for construction for different portions of the design. These bid packages will be sequenced to have the plant online in 2014 to meet AWU water demand projections.

During the development of the Fiscal Year 2007-08 Capital Budget for the Austin Water Utility, it was anticipated that there would be sufficient WTP4 project appropriation for the amendment to the professional services agreement with Carollo Engineers for the engineering design services for WTP4 at the original Bull Creek site. As the alternative site search led us to the selection of the Bullick Hollow site, the Utility paid \$32 million in acquisition costs that were not anticipated in the development of the Fiscal Year 2007-08 budget. In addition, acquiring a backup plant site is continuing.

Due to the additional costs associated with the new site and the backup plant site, it is necessary for the Austin Water Utility to seek additional appropriation in the Fiscal Year 2007-08 Capital Budget totaling \$20 million. The budget amendment agenda item seeks approval of the additional appropriation. The Fiscal Year 2007-2008 Capital Budget amendment coupled with the current bond appropriation will fully fund the multi-year contract with Carollo, additional land purchases, and other costs through September 2008.

The Utility anticipates requesting full appropriation for the remaining costs associated with the construction of WTP4 and associated transmission mains during the development of the Fiscal Year 2008-09 Capital Budget. After October 2008 when the next budget year appropriation is authorized by Council, the Utility will have all needed appropriation to construct WTP4 and related facilities.

Please let me know if I can answer any additional questions.



Rudy Garza
Assistant City Manager

cc: Marc A. Ott, City Manager
Greg Canally, Budget Officer
Greg Meszaros, Director, Austin Water Utility